



HARP & CROWN
CREDIT UNION LIMITED

RULES OF THE HARP & CROWN CREDIT UNION LIMITED

CU000182

Approved after

Annual General Meeting

1 December 2023

CONTENTS

INTERPRETATION

RULE NO: TITLE

REGISTERED OFFICE, OBJECTS AND POWERS

1. Credit Union Name
2. Credit Union Registered Office
3. Credit Union Objects
4. Permissions, Power to accomplish objectives and Social Goals.

MEMBERSHIP

5. Membership Qualification
6. Application for Membership
7. Members and Joint Accounts
8. Entrance Fee and Annual Administration Fee
9. Non-Qualifying Member

CESSATION OF MEMBERSHIP

10. Cessation of Membership
11. Expulsions from Membership
12. Suspension and Notice of Expulsion
13. Appeal against Expulsion
14. Dormant Membership
15. Withdrawal from Membership

SHARES

16. Shares
17. Attachment of Shares
18. Maximum Shareholding
19. Minimum Shareholding
20. Withdrawal of Shares
21. Liability after Withdrawal or Expulsion
22. Insurance on Shares

LOANS TO MEMBERS

23. Lending Policy
24. Maximum Loan
25. Loans to Joint Accounts
26. Guarantors
27. Loans to Directors, Officers and Employees of the Credit Union
28. Insurance on Loans
29. Recovery of Debt

CAPITAL AND LIQUIDITY REQUIREMENTS

30. Building Capital and Liquidity Requirements

APPLICATION OF PROFITS

31. Calculation of Surplus
32. Building Institutional Capital
33. Distribution of Surplus
34. Dividend on Shares
35. Rebate of Interest on Loans
36. Payment of Dividends and Interest Rebates

MEMBERS' MEETINGS

37. Members' Meetings
38. Annual General Meeting
39. Order of business at the Annual General Meeting
40. Special General Meeting called by the Credit Union
41. Special General Meeting called by the Members
42. Business at a Special General Meeting
43. Quorum
44. Voting Rights
45. Chairing the Meeting
46. Adjournment of Meeting

NOMINATING AND ELECTING OFFICERS

47. Nomination for election
48. Nominations Committee
49. Election Procedures
50. Prohibition of certain persons as Officers

DIRECTORS

51. Number of Directors
52. Terms of Office
53. Meetings
54. Requesting a Special Meeting
55. Board Quorum
56. Voting at Board Meetings
57. Failure to attend Meetings
58. Casual Vacancy
59. Vacation of Office
60. Delegation of Power
61. Validity of Actions
62. Payment of Expenses and Honoraria
63. Responsibilities of Directors
64. Executive Officers
65. Term of Office of Executive Officers
66. President/Chairperson
67. Secretary
68. Treasurer

CREDIT COMMITTEE

69. Establishment of Credit Committee
70. Responsibility of Credit Committee
71. Loans Officers

INTERNAL AUDIT

- 72. Role and Responsibilities

DIRECTORS, OFFICERS AND EMPLOYERS

- 73. Conflict of Interest
- 74. Confidentiality
- 75. Provision of Insurance and Associated Cover
- 76. Indemnity
- 77. Failure to fulfil office

ACCOUNTS, AUDITS RETURNS AND RULES

- 78. Appointment of Auditor
- 79. Auditor's entitlement to attend meetings
- 80. Availability of Accounts
- 81. Filing of Accounts with the Authority
- 82. Availability of Rules

CREDIT UNION RECORDS

- 83. Maintenance of Register
- 84. Retention of Records
- 85. Inspection of Accounts
- 86. Record of Accounts
- 87. Conducting Transactions
- 88. Nominees
- 89. Payment to Nominee
- 90. Bankruptcy
- 91. Incapacity to Control Affairs

AMENDMENTS TO RULES AND USE OF LEGAL SEAL

- 92. Amendment to Rules

COMPLAINTS AND DISPUTES

- 93. Internal Complaints Procedure
- 94. Financial Ombudsman Service
- 95. Court Referrals

STATUTORY APPLICATIONS TO THE AUTHORITY

- 96. Dissolution of Credit Union
- 97. Distribution of Funds on Dissolution

INTERPRETATION

In these rules the following terms shall have the meanings ascribed to them unless the context indicates otherwise.

Words importing the singular or plural include the plural or singular respectively, and words importing the masculine gender only shall include the feminine gender.

“amendment” in relation to the rules of the credit union includes the addition of any new rule or the deletion of any existing rule.

“attached shares” means any shares in the credit union, the withdrawal of which is not permitted by article 23(4) Credit Unions (Northern Ireland) Order 1985.

Any reference to statute or applicable rules established by the Authority in this rulebook should be read as referring to the latest provision.

“Authority” means the Financial Conduct Authority or the Prudential Regulation Authority and their successors under law, as appropriate.

“Board”, “Board of Directors” or “Committee of management” means the body responsible for the day to day management and administration of the credit union elected in accordance with these rules.

“chairperson” or “president” means the individual elected to chair meetings of the Board and general meetings of the credit union.

“credit union” means a society first registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 or the Credit Unions (Northern Ireland) Order 1985.

“CU(NI) Order 1985” means the Credit Unions (Northern Ireland) Order 1985.

“deposit” in relation to Rules 4.1 and 91 shall have the meaning ascribed to it by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 – SI2001/544.

“Director” means a member of the Board of Directors of the Credit Union.

“Employee” means any person employed by the credit union or seconded to the credit union.

“FSMA” means the Financial Services and Markets Act 2000 (as amended in particular by the Financial Services Act 2012).

“FOS” means the Financial Ombudsman Service.

“FSCS” means the Financial Services Compensation Scheme.

“officer” includes any president/chairperson, vice president/vice-chairperson, treasurer or treasurer designated as general manager, assistant treasurer, secretary, loan officer, member of any Committee or servant of the credit union, other than an employee appointed by the Board of Directors, but it does not include an auditor appointed by the credit union in accordance with the provision of these rules;

“police service” means the bodies of constables specified in Part 1, Section 1 of the Police (Northern Ireland) Act 2000.

“regulations” unless inconsistent with the text, means regulations made by the Treasury and rules made by the Authority.

“Senior Managers and Certification Regime” refers to the process by which individuals are approved by the Authority to perform a Senior Manager Function.

“total shareholdings” shall mean the total shareholdings as shown in the most recent audited balance sheet to have been sent with the credit union’s annual accounts to the registrar and the Authority.

Rule 1 Credit Union Name

The name of this credit union shall be The Harp and Crown Credit Union Limited

Rule 2 Credit Union Registered Office

The registered office of the credit union shall be at Newforge Sports Complex, 18b Newforge Lane, Belfast, BT9 5NW, or, at such other place as may be determined from time to time by the Board of Directors. Notice of any change in the situation of the registered office shall be sent to the registrar and the Authority.

Rule 3 Credit Union Objects

The objects of the credit union shall be:

- a. the promotion of thrift among its members by the accumulation of their savings;
- b. the creation of sources of credit for the benefit of its members at a fair and reasonable rate of interest;
- c. the use and control of members' savings for their mutual benefit; and
- d. the training and education of members in the wise use of money and in the management of financial affairs.

Rule 4 Permissions, Power to accomplish objectives and Social Goals

- 4.1 the Board of Directors shall be responsible for ensuring that the credit union obtains and maintains authorisation through Part 4a 'Permission to accept deposits' under FSMA;
- 4.2 the Board of Directors may apply for, and maintain, any permission contained within Part 4 of FSMA;
- 4.3 the credit union shall operate subject to such permission(s) as may be granted by the Authority;
- 4.4 the credit union shall have full power, subject to law and Authority requirements attached to any permission held, to do all things necessary or expedient for the accomplishment of its objects.
- 4.5 the credit union, may, by resolution of its Board of Directors, adopt one or both of the following additional social goals within its policies:
 - a. to contribute towards the alleviation of poverty within the community;
 - b. to contribute towards the economic regeneration of the community provided that these are only pursued within the objects of the credit union in accordance with Rule 3.

MEMBERSHIP

Rule 5 Membership Qualification

Membership of the Credit Union is not open to the general public. The Credit Union must have a Common Bond which all of its members and potential members have in common and which is approved by the relevant authorities.

The qualification for admission to membership of the credit union shall be that of:

- 5.1 a) being a serving officer, employee, support staff or retired member currently in receipt of a continuing and regular contractual payment arising from an occupation within the Police Service.
- b) an individual who is otherwise associated with members of the Police Service and who is employed by one of the following:
- i. The Harp & Crown Credit Union
 - ii. RUC Athletic Association
 - iii. Northern Ireland Police Fund
 - iv. Police Rehabilitation & Retraining Trust
 - v. Police Benevolent Fund
- 5.2 an individual who is a member of the same household as, and is a relative of, an individual who is a member of the credit union and falls directly within the common bond specified above.
- 5.3 a corporate body, an individual in his/ her capacity as a partner in a partnership, an individual in his/ her capacity as an officer or a member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association is associated with the individuals in the following way:
- i. is a provider of a trade union, credit union, social and welfare, ancillary of contracted services to the occupation above (5.1).
 - ii. employs individuals providing trade union, social and welfare, ancillary or contracted services to the occupation above (5.1).

Rule 6 Application for Membership

- 6.1 An applicant for individual membership may be admitted to membership only when:
- a. it has been determined that he, she or they fulfil the common bond qualifications as set down in Rule 5 for entry to membership; and
 - b. he, she or they have completed and submitted a membership application form; and
 - c. he, she or they have provided their date of birth and sufficient evidence to prove their identity and address as required, complying with Money Laundering (Amendment No.2) Regulations 2011 and guidance on money laundering prevention issued by the Joint Money Laundering Steering Group; and
 - d. he, she or they have paid an entrance fee, if any (see Rule 8) which shall be returned to them, if their application is refused; and

- e. he, she or they have paid at least £1 share in the credit union (with the balance of minimum shareholding of £5 required by Rule 19 to be paid within 3 months of admission to membership in accordance with that rule);
- f. he, she or they have been formally accepted into membership through a procedure established by the Board of Directors
- g. that person has agreed to deduct at source share subscriptions and loan repayments by authorised payroll deductions or by bank standing order or direct debit. A permanent employee (who was a member of the credit union) on retirement shall agree to pay share subscriptions and loan repayments by authorised payroll deductions or by bank standing order or direct debit;
- h. their application has been approved by the affirmative vote of a majority of the Directors or by the majority decision of a duly appointed and authorised membership committee present at a meeting at which the application is acted upon, or by a duly appointed and authorised membership officer.

An individual may hold more than one account in the credit union.

6.2 The Board may admit to membership of the Credit Union:

- i. An individual in his/her capacity as a nominee of an unincorporated organisation or partnership which meets the Common Bond qualifications, and;
- ii. Any named corporate body which meets the Common Bond qualifications.

Those eligible for membership of the Credit Union by virtue of the above shall be referred to as 'Corporate Members'. Any reference to 'Member' in these rules, unless indicated otherwise, shall include both individual and Corporate Members of the Credit Union.

A corporate body which is a member of the Credit Union shall appoint a representative who shall during the continuance of his/ her appointment, be entitled to exercise in any general meeting of the Credit Union all such rights and powers as the corporate body would exercise if it was an individual person. The Credit Union shall require such notification of a corporate body's appointed representative as the Board of Directors may from time to time decide.

The Board of Directors shall ensure at all times the number of corporate members in membership of the Credit Union does not exceed 10% (or such other higher amount as prescribed by law) of the total number of members of the Credit Union. The Board of Directors has the authority to terminate the membership of any number of corporate members in order to reduce the number as required (The corporate members selected for termination of membership being determined by the Board in a manner which they consider appropriate at the time).

Corporate members have no entitlement to either a seat or representation on the Board of Directors. The appointed representative of a corporate member may stand for election to the Board of Directors but do so only as an individual representing all of the membership.

6.3 A young person under the age of 18 years but above 16 years may be a member of the credit union unless the rules otherwise provide and may, subject to these rules, enjoy all the rights

of a member and give receipts necessary to be executed or given under these rules. The receipts of a minor shall be a valid and sufficient release and discharge to the credit union.

6.4 The credit union may take deposits up to the amount prescribed by the Authority from a person under the age of 16. All such deposits may be held on trust by the credit union for the minor until he attains the age of 16 and interest earned thereon shall be distributed to the depositor's account.

6.4.1 An account for a minor shall be opened by means of an application form signed by the minor's parent, guardian, or grandparent, who has been approved for membership under Rule 5.

Rule 7 Members and Joint Accounts

7.1 Subject to the provisions of regulation and approval by the Board of Directors in principle, two or more members or stakeholders who qualify for, obtain and continue to hold individual membership, under common bond qualification may choose to operate a joint account: -

- a. the credit union shall determine terms of operating a joint account, however, to calculate the interest or stake of a member in a joint share account, all members are taken to have an equal interest or stake;
- b. each stakeholder shall be held jointly and severally liable for repayment of a loan.

7.2 Subject to any contrary written agreement, in the event of the death of one of the shareholders of a joint account, the joint account shall become the property of the remaining stakeholders as set out in Rule 7.1(1).

Rule 8 Entrance Fee and Annual Administration Fee

In addition to the requirements of Rule 16 and Rule 19, and with the approval of a general meeting of members, the Board of Directors shall:

- a. have discretion to levy an entrance fee on adult and corporate members; and
- b. the entrance fee shall not exceed £5 or such other reasonable amount sufficient to cover the joining costs of membership as may be specified by the Board of Directors from time to time and agreed by the Members at the annual general meeting; and
- c. have discretion to levy an annual administration fee on all adult members; and
- d. the annual administration fee shall not exceed £5 per annum or such other reasonable amount sufficient to cover the administration costs of membership as may be specified by the Board of Directors from time to time and agreed by the Members at the annual general meeting.

Rule 9 Non-Qualifying Member

A member of the credit union who ceases to qualify under Rule 5 shall become a “non-qualifying member”. A non-qualifying member may retain his or her membership and voting rights in the credit union and continue to acquire shares and receive loans subject to the provision of these rules. The total number of non-qualifying members shall not exceed 10% of the total membership.

Rule 10 Cessation of Membership

A member shall cease to be a member of the credit union:

- a. on death or if a corporate body, that body is wound up or goes into liquidation; or
- b. if they are a representative of an unincorporated organisation or partnership which goes into liquidation; or
- c. if they are the representative of an unincorporated organisation or partnership which removes or replaces them as its representative provided the following are adhered to:
 - i. any loans held by the member are repaid in full;
 - ii. any shares held by the member are repaid in full by the credit union;

If the partnership or unincorporated organisation wishes to appoint another representative then that representative should make an application for membership as per rule 6.2.

A member shall also cease to be a member of the credit union;

- d. on withdrawal of all their shares from the credit union and terminating their account; or
- e. if their shareholding is not above the minimum shareholding as outline in Rule 19 within 3 months of admission to membership or is reduced below the minimum shareholding, and they fail to take action as described in Rule 19; or
- f. on expulsion from the credit union in accordance with Rules 11-13; or
- g. if, by virtue of the member becoming a non-qualifying member of the credit union, the number of non-qualifying members exceeds the maximum permitted by these Rules or by law.

Rule 11 Expulsions from Membership

11.1 Subject to Rule 13, a member may be suspended and subsequently expelled from membership of the credit union by resolution of the majority present at a meeting of the Board of Directors, for a grave and sufficient reason including, but not limited to, the following:

- a. wilful and persistent breach of, or refusal to comply with, any of these rules;
- b. divulging confidential information obtained by reason of being an officer of the credit union;
- c. deceiving the credit union with regard to the purpose of money borrowed there from and its subsequent use;
- d. default and continual refusal to honour a debt, the loan repayment terms of which had been agreed in a signed loan agreement;

- e. maliciously and knowingly spreading false reports about the management of the finances of the credit union;
- f. wilfully making any entry, or erasure in, or omission from any passbook, record or return of the credit union with intent to falsify it;
- g. using the credit union as a vehicle for committing an offence constituting money laundering as defined in the Money Laundering and Terrorist Financing (Amendment) Regulations 2019, (or such successor legislation);
- h. allowing their membership to become dormant and failing to rectify the situation in accordance with Rule 14;
- i. abusive behaviour towards credit union Directors, officers, staff or volunteers;
- j. becoming a non-qualifying member contrary to, or in excess of any limit in, these rules;
- k. committing an offence of dishonesty against the credit union, wilfully destroying or damaging records or other property of the credit union, or passing forged notes or other instruments through the credit union; or
- l. if, after admission, any declaration in their application for membership is found to be wilfully false or misleading or any defect is discovered in respect of their qualifications of membership at the time of their admission which, in the opinion of the Board of Directors, of such consequence as to justify expulsion; or
- m. behaviour which although not covered in these Rules above, in the opinion of the Board of Directors is such that the expulsion of the member is in the best interests of the credit union.

11.2 Prior to expulsion, the member must have been given at least 14 days' notice in writing before the meeting. They must be given opportunity to be heard and/or represented at the meeting.

11.3 The decision to expel shall not relieve such member from any liability thereto existing at the time of their withdrawal or expulsion.

11.4 The repayment of any shares to the member will be withheld until all liabilities have been repaid to the credit union.

Rule 12 Suspension and Notice of Expulsion

12.1 Subject to the receipt of a notice of expulsion in accordance with these Rules, a member shall be suspended from participation in the credit union pending the completion of an investigation. The investigation may recommend the member's subsequent expulsion from membership of the credit union.

12.2 A notice of expulsion of a member shall be sent to the last known address of the member and shall contain a reference to the expulsion appeals procedure. A notice sent in writing to a member's address shall be deemed to have been duly served forty-eight hours after its posting. The notice of expulsion of the member shall not become effective until 30 clear days

after the date of posting the notice of expulsion or until the result of any appeal, if any, whichever is the later.

Rule 13 Appeals against Expulsion

- 13.1 A member shall have 14 clear days from the receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon a request received in writing from the member on whom the notice of expulsion has been served, convene a special general meeting of the members to consider the matter of their expulsion.
- 13.2 The meeting shall be held not later than 60 clear days after the date on which the expulsion notice has been served on them. The member shall have the right to be represented and heard at such special general meeting. The special general meeting shall have the power, by a majority decision of members present, to confirm the member's expulsion or to direct that they shall remain a member of the credit union. The result of the appeal shall be final. The Board of Directors may extend the time limits set by taking into account any extenuating circumstances which led to delays in the process.

Rule 14 Dormant Membership

- 14.1 If during a period of 36 months no transactions have taken place on the account (or accounts) of a member, the Board of Directors shall have discretion to declare that the account has become dormant. The Board may take account of any extenuating circumstances in making this determination.
- 14.2 In relation to a member whose account complies with, or is higher than, the minimum shareholding level in Rule 19, the credit union shall alert the member to the dormancy by following this procedure.
- 14.3 The credit union shall contact in writing at the last known address and inform the member that their account (or accounts) has had no transactions for the previous 36 months and inform them that they must contact the credit union within three months to determine the future of their account:
- a. the letter shall contain information on reactivating or closing the account and withdrawing membership;
 - b. the letter shall refer to Rule 14.1 which enables the credit union to remove dormant accounts into a suspense account and subsequently expel the member from membership.

- 14.4 If, after a period of three months the member does not respond and/or reactivate their account (or accounts) from receipt of the letter (as per Rule 14.3) from the credit union, the Board of Directors has the discretion to:
- a. hold any monies within the account or accounts of such a member in a suspense account pending the member's subsequent withdrawal of their money, or activity on the account:
 - b. expel the member from membership in accordance with Rule 11(h)

Rule 15 Withdrawal from Membership

A member without any liability to the credit union may voluntarily withdraw from membership of the credit union at any time by applying for, and receiving, their shareholding in the credit union; subject to any notification period in place as agreed from time to time by the Board of Directors. Members with an outstanding liability to the credit union shall be required to settle their account prior to being permitted to withdraw from membership of the credit union.

SHARES

Rule 16 Shares

- 16.1 The shares of the credit union shall be of the value of £1 and the first share needs to be paid-up prior to any other transactions taking place in the member's account. Payment may be made by instalments.
- 16.2 Shares shall be withdrawable, subject to the provisions of Rule 20.
- 16.3 Shares shall not be transferrable, and the credit union shall not issue to a member a share certificate denoting ownership of a share.

Rule 17 Attachment of Shares (Article 23(4) CU(NI) Order 1985)

- 17.1 Subject to the provisions set out in Rule 23, the credit union may make to a member a loan, upon such security (or without security) and terms and rules established by the credit union.
- 17.2 When the credit union makes a loan to a member which is treated by virtue of Article 28(1) CU(NI) Order 1985 as a secured loan, the member shall not be permitted to withdraw shares where his or her paid-up shareholding or following withdrawal would be less than their total liability (including contingent liability) to the credit union whether as a borrower, guarantor or otherwise.

- 17.3 When a credit union makes a loan to a member and it is not a secured loan within the meaning set out in Rule 17.2 above, the terms of the loan must include provision as to whether, for the duration of the loan, the borrower is permitted to withdraw shares where his or her paid-up shareholding in the credit union is, or following withdrawal would be, less than their total liability (including contingent liability) to the credit union whether as a borrower, guarantor or otherwise.

Rule 18 Maximum Shareholding

- 18.1 No member, including corporate members, shall have, or claim an interest in, shares of the credit union exceeding the lesser of an amount to be determined by the Board of Directors or 1.5% of the total shareholdings of the credit union (or such other limit as may be determined by the Authority);
- 18.2 The maximum shareholding limit in a joint account shall be equal to the limit set out in Rule 18.1;
- a. In order to calculate the interest or stake of a member in a joint share account, all members are taken to have an equal interest or stake;
 - b. for the purposes of calculating a member's total shareholding the amount held in the member's account and the amount held in a joint account (as per Rule 18.2(a) shall be amalgamated;
 - c. where the maximum shareholding is achieved by inclusion of dividend or interest the member must immediately seek to withdraw sufficient shares to reduce the shareholding to authorised levels.
- 18.3 Corporate members shall not have, nor claim an interest in, shares of the Credit Union exceeding 25% (or other such amount as may be prescribed by law) of the total shareholding of the Credit Union.

For the purpose of these rules the total shareholding in the Credit Union shall be taken to be the total shareholding as shown in the most recent year-end balance sheet to have been sent to the appropriate authority.

Rule 19 Minimum Shareholding

The minimum shareholding required to maintain membership of the credit union is £5, in the case of an individual, and the £1 paid up first share in the case of a corporate member. The Board of Directors shall have absolute discretion to withdraw membership from any member whose account has not been brought up to the minimum shareholding requirement within 3 months of admission to membership, or any member whose account is reduced below the minimum shareholding.

Rule 20 Withdrawals of Shares

Subject to Rule 19, money paid in on shares or instalment for the acquisition of shares, may be withdrawn on any day when payment for shares may be made, but notwithstanding anything in these rules or any contract, the credit union may request sixty days' notice from a member to withdraw a share or shares.

Rule 21 Liability after Withdrawal or Expulsion

The amount deposited by a member who withdraws or is expelled shall be paid to him or her as funds become available, but only after all monies owed by him or her to the credit union have been deducted. Any amount due to a withdrawn or expelled member will be repaid within a period of less than 60 days, beginning on the day following the expulsion or notice of intention of withdrawal. No payment of any description shall be paid to such a member, unless all his or her liabilities to the credit union have been fully discharged or provision made thereafter.

Rule 22 Insurance on Shares

The Board of Directors of the credit union may self-insure or may enter into arrangements with person(s) carrying on the business of insurance for the purposes of providing insurance cover or discretionary benefit on the life of the members of the credit union in relation to their shareholding therein and any monies paid to the credit union by virtue of the said insurance or discretionary benefit arrangements shall be credited to the share account of the insured member subject to the provisions of Rule 18.

LOANS TO MEMBERS

Rule 23 Lending Policy

The Board of Directors shall determine a lending policy which shall apply equally to all members including corporate members. This shall include but not be limited to the following:

- a. subject to the provision of Rule 17, the Board shall establish a criterion to determine if and what sum of a member's shares may be attached by the terms of the loan agreement, for the duration of the repayment of a loan;
- b. the maximum amounts available for individual loans;
- c. any limits or requirements relating to secured and unsecured loans;
- d. the rate (or rates) of interest charged on loans (not to exceed a rate of one per cent per month on the reducing balance of the loan) 12.68% APR, or such other rate as may be prescribed by law, which shall include all administrative charges and other expenses incurred in making and managing the loan;
- e. the application procedure for loans;
- f. members under 18 years may not receive a loan or act as a guarantor for a loan, except where the credit union, in exceptional circumstances, may offer a loan that is guaranteed for a young person over 16 years and under 18 years.

Rule 24 Maximum Loan

The credit union shall not at any time make a loan to a member, if the making of such a loan would bring the total amount outstanding on loan to members above such limit as may be prescribed by law or rules established by the Authority.

The credit union shall not at any time make a loan to a corporate member if the making of such a loan would result in the total amount of the outstanding balances on loans made to corporate members to exceed 10% (or other such amount as prescribed by law) of the total amount of the outstanding balances on all loans made by the credit union to members.

Rules 25 Loans to Joint Accounts

In accordance with Rules 7 and 7.1(b) members agreeing to take out a loan on a joint account shall be held jointly and severally liable for repayment of the loan.

Rule 26 Guarantors

A member of the credit union can use their shareholdings to guarantee another member's loan. Directors, officers and employees of the credit union are prohibited from acting as a guarantor for a member's loan under any circumstances.

Rule 27 Loans to Directors, officers and employees of the credit union

A Director, Committee member or other officer or employee, may if a member of the credit union, be granted a loan which must not be on terms more favourable than those available to other members of the credit union. Such a member may not be involved in the decision, and such a loan must not be approved solely by a loan officer. The loan must be approved by the Finance & Compliance Officer or CEO, if the loan applies to the CEO then it must be approved by the Treasurer. The Credit Committee and subsequently the BOD shall be informed of the details of every such application within 14 days of its approval.

Rule 28 Insurance on Loans

The Board of Directors of the credit union may self-insure or may enter into arrangements with persons(s) carrying on the business of insurance for the purposes of providing insurance cover or discretionary benefit on the liability of any member to the credit union.

Rule 29 Recovery of Debt

29.1 In compliance with the requirements and guidance set out by the Authority, the credit union must make adequate provision for bad and doubtful debt.

- 29.2 The Board of Directors shall establish and maintain a credit control policy which shall include but not be limited to the following:
- a. trigger points for commencement of credit control procedures;
 - b. reference to credit control letters;
 - c. mediation procedures for delinquent members;
 - d. reference to enforcement procedures for collection of debt subject to the maximum power of the law.
- 29.3 All sums and applicable debt recovery costs due from any member shall be recoverable from him or her, his or her executors or administrator, as a debt due to the credit union.
- 29.4 The credit union shall have a lien on any shares of a member for any debt due to it by a member or for any debt which the member has guaranteed, and may set off any sum standing to the member's credit, including any shares, interest rebate and dividends, in or towards, payment of such debt;
- 29.5 Any person knowingly responsible for the issue of a loan to a person other than a member of the credit union shall be jointly and severally liable with the borrower to the credit union in the amount of the loan and accrued interest.

CAPITAL AND LIQUIDITY REQUIREMENTS

Rule 30 Building Capital and Liquidity Requirements

- 30.1 The requirement for a credit union to establish and maintain adequate financial resources in relation to its regulated activities is set out in the Rules established by the Authority.
- 30.2 The initial capital that a credit union should have is set out in the Rules established by the Authority.
- 30.3 A credit union must, at all times, hold liquid assets of a value set out in the Rules established by the Authority.

APPLICATION OF PROFITS

Rule 31 Calculations of Surplus

In ascertaining the profit or loss resulting from the operations of the credit union during any year of account, all operating expenses in that year shall be taken into account (including payment of interest) and provision shall be made for depreciation of assets, for tax liabilities, and for bad and doubtful debts.

Rule 32 Building Institutional Capital

Subject to the rules established by the Authority, the credit union shall out of its surplus each year establish and maintain reserves in accordance with the prudential rules on capital adequacy established by the Authority.

Rule 33 Distribution of Surplus

Following compliance with the capital adequacy requirements established by the Authority, the credit union may allocate any remaining surplus in the following manner:

- a. subject to Rule 34.1, in the payment to members of dividends on the amount of their paid-up shares;
- b. subject to Rule 35, as a rebate of interest paid by or due from members who have received loans from the credit union, such rebate being proportional to the interest paid by or due from members during that year of account; and
- c. after a dividend and/or rebate of loan interest has been paid – for social, cultural or charitable purposes.

Rule 34 Dividend on shares

- 34.1 Subject to the provisions in Rule 34.6 below and provided that a surplus has been achieved, a dividend on members' shares may be recommended by the Board of Directors for declaration at the Annual General Meeting.
- 34.2 At each AGM members may be formally asked to delegate to the Board such powers as may be necessary to declare interim dividends and establish differential dividend rates on different term savings accounts. This delegation can only take place subject to regulatory restrictions placed on the operation of the credit union.
- 34.3 No dividend declared and authorised for payment by the members in general meeting shall exceed the rate recommended by the Board of Directors; the maximum rate recommended by the Board of Directors shall not exceed a rate of 8% per annum.
- 34.4 A dividend shall be declared on all fully paid shares (excluding any interest-bearing shares) held during the preceding financial year or interim period. Shares held for less than the full year shall be entitled to a proportional part of the dividend.
- 34.5 Dividends will only be paid to those in membership of the credit union on the date that the dividend is declared.

- 34.6 When a credit union is in the process of winding up, or seeking permission of the Registrar to be dissolved, it may not pay a dividend on shares in excess of more than 8%. Any remaining surplus must be transferred to another credit union or used for charitable purposes.

Rule 35 Rebate of interest on loans

Provided that a dividend on shares has been recommended by the Board of Directors in accordance with Rule 34.1, a rebate on interest may be recommended by the Board of Directors for declaration by the members at the Annual General Meeting. No rebate of interest declared and authorised for payment by the members in general meeting shall exceed the rate recommended by the Board of Directors. Entitlement to rebate of interest is as per Rule 34.

Rule 36 Payment of dividends and interest rebates

Dividends and interest rebates due to any member may be placed to the credit of his or her share balance, and shall so be placed in any case where there is any money due by him or her to the credit union where as borrower, guarantor or otherwise in excess of his or her shareholding in the credit union, unless the application of such dividend or interest rebate would increase his or her shareholding in the credit union to an amount exceeding the maximum shareholding permitted by the Authority and Rule 18.

MEMBERS' MEETINGS

Rule 37 Members' Meetings

- 37.1 Meetings of the credit union shall be either annual general meetings or special general meetings. Every member holding at least one share shall be entitled to attend such meetings on production of such evidence as the Board of Directors may from time to time determine.
- 37.2 At least 21 days before the date of the meeting of members, the Secretary shall cause the member to be notified by the posting of a message, outlining the date and time and place of the meeting on the credit union website and or by email to the members, where their email address is on record and by poster in the normal working office of the credit union.
- 37.3 When notice is received generally by the members of the credit union, the accidental omission to give notice to any member thereof or the non-receipt of the notice by any member thereof shall not invalidate any resolution passed or any proceedings taken at the meeting.
- 37.4 Written notice shall also be sent to the auditor at his or her address recorded in the books of the credit union.

Rule 38 Annual General Meeting

The Annual General Meeting shall be held no later than five months following on from the end of the previous financial year. The date, time and place of such Annual General Meeting to be determined by the Board of Directors in compliance with this rule.

Rule 39 Order of business at the Annual General Meeting

The order of business at the Annual General Meeting of the members shall be:

- a. ascertain a quorum is present as per Rule 43;
- b. the reading and approval of the minutes of the last annual general meeting and of any intervening special general meeting;
- c. Board report;
- d. Treasurer's report;
- e. Auditor's report;
- f. Credit Committee report;
- g. Internal Auditor's report;
- h. Appointment of Auditor;
- i. Appointment of Internal Auditor;
- j. Motions;
- k. Elections

Rule 40 Special General Meeting called by the Credit Union

40.1 Any general meeting of the credit union, other than an annual general meeting, shall be a special general meeting.

40.2 The Board of Directors may, for good and sufficient reason, convene a Special General Meeting for any purpose provided for elsewhere in the Rules.

Rule 41 Special General Meeting called by the Members

41.1 Upon application signed by one tenth of the whole membership, or 100 members, whichever is the lesser number, delivered to the credit union at its registered address, the Board of Directors shall convene a special general meeting of members, provided such an application states the business to be conducted.

41.2 If, within one month from the date of receipt of such application the Board of Directors have not convened a special general meeting to be held within six weeks of the said date, any three

members acting on behalf of the signatories to the application may convene a special general meeting and shall have a claim on the credit union for all costs properly incurred in convening such a meeting.

Rule 42 Business at a Special General Meeting

- 42.1 A special general meeting shall not conduct any business not specified in the notice convening it.
- 4.2 An annual general meeting may be made a special general meeting for any purpose for which due notice has been given, provided that such business is not brought on until the business of the annual general meeting is concluded.

Rule 43 Quorum

- 43.1 10% of the membership or 15 members, whichever is the lesser number, shall constitute a quorum. A meeting may proceed to business if a quorum is present within half an hour after the time fixed for the commencement of the meeting. If after this time a quorum is not established the meeting shall be adjourned to a later date within 28 days when the meeting so adjourned may proceed to business whatever the number of members present.
- 43.2 A special general meeting convened by the Board of Directors or Supervisor(s), where a quorum cannot be established within the required time, shall be adjourned to a later date within 28 days when the meeting may proceed to business whatever the number of members present.
- 43.3 A special general meeting, convened on the requisition where a quorum cannot be established within the required time, shall be dissolved.
- 43.4 No meeting shall become incompetent to transact business from the want of a quorum arising after the chair has been taken.

Rule 44 Voting Rights

- 44.1 Each member shall have only one vote on each question at a meeting of the members of the credit union, irrespective of the size of his or her shareholding in the credit union.

- 44.2 Votes at a general meeting shall be by show of hands, unless a secret ballot is demanded by the Board of Directors or by 10 members present at the meeting. Subject to any provision of law or these rules, all resolutions shall be carried by a simple majority of votes cast.
- 44.3 The person chairing any meeting of the Board or meeting of members shall not have a second and casting vote.

Rule 45 Chairing the Meeting

Every meeting of members shall have a chairperson. If the chairperson or vice chairperson is not present, the Board of Directors shall elect one of their number to chair the meeting.

Rule 46 Adjournment of Meeting

- 46.1 Any meeting of the members may for good and sufficient reason be adjourned at the discretion of the chairperson.
- 46.2 The provisions concerning notice, voting and quorum shall apply to an adjourned meeting and no business other than that appearing on the original agenda and left unfinished shall be transacted.

Rule 47 Nomination for election

- 47.1 Nominations for Directors shall be in writing signed by a proposer and seconder, who shall be members of the credit union and also by the nominee to indicate consent, and shall be sent by hand or by post so as to reach the registered office of the credit union not less than 28 days before the date of the annual general meeting. Members will be notified at least 1 month before the 28-day deadline by displaying the facts on the Website and or by email to those who have given permission to use same.
- 47.2 If there are outstanding vacancies the chairperson of the meeting may call for further nominations from the floor. Such nominations if duly seconded and if the nominee is present and consents or has given his or her consent in writing, shall be in order.
- 47.3 A member between 16 and 18 years of age shall not be a member of the Board of Directors, or any committee, trustee, manager or treasurer of the credit union.

Rule 48 Nominations Committee

The Board of Directors may appoint a Nomination Committee of not less than 3 members of the credit union. The Nominations Committee shall ascertain the number of vacant posts requiring elected candidates and ensure that there is at least one suitable candidate to recommend to the AGM for each vacancy for which an election is to be held. In making their recommendation, the Nomination Committee shall ascertain that the nominee is “fit and proper” to hold a Senior Manager Function and is a member of the credit union. The Nominations Committee shall adhere to any policy established by the Board in relation to the election of representatives. The Nominations Committee will also be responsible for identifying and recommending potential co-options on to the board of Directors to fill any vacancies. The Board may delegate powers to the Nominations Committee to manage applications for the Senior Managers Regime.

Rule 49 Election Procedures

49.1 The election of Directors, as set out in Rule 47.1 shall take place at the annual general meeting.

49.2 When, for any election, the number of nominees is equal to the number of vacancies to be filled the chairperson of the meeting shall ask the meeting to declare all nominees elected. Such a motion shall be carried by a show of hands.

49.3 Where, for any election, there is more than one vacancy to be filled and more nominees than there are vacancies, the voting will be conducted in accordance with Rule 44.2. Where a secret ballot is agreed each member shall write on the ballot paper the names of the nominees of his or her choice, but only such numbers of nominees as there are vacancies to be filled. Tellers appointed by the Chairperson shall count the ballot papers and those nominees receiving the highest number of votes shall be declared elected so that all vacancies are filled.

Rule 50 Prohibition of certain persons as Officers

50.1 A member under the age of 16 cannot be elected as a manager, treasurer, Director, officer, Committee member, or trustee;

50.2 A person who knows of any substantive reason why he or she may not be regarded as “fit and proper” to be authorised by the Authority, or who is an undischarged bankrupt, shall not;

- a. act as an officer of the credit union; or
- b. directly or indirectly take part in or be concerned with the management of the credit union; or
- c. permit his or her name to be put forward for election or appointment to any office in the credit union.

50.3 When a person holding any office in the credit union becomes ineligible by virtue of this Rule to hold that office, he or she shall immediately cease to hold that office.

DIRECTORS

Rule 51 Number of Directors

- 51.1 The number of Directors of the credit union shall not be less than 5 or more than 13, or a maximum, as may be determined annually by members at an annual general meeting.
- 51.2 Directors, other than those appointed under Rule 58, shall be elected in accordance with Rule 44.2.
- 51.3 Subject to the provisions in Rules 50.2, 52 and 59(j), members at an annual meeting, may determine that a number not exceeding one-third of the body of Directors identified in Rule 52 may be elected from amongst members who are employed by the credit union. Members so elected will remain subject to their individual terms and conditions of employment.
- 51.4 The Board of Directors has the power to divide itself into a number of constituencies to ensure that the board consists of representatives of all areas, employer groups, sections and other diverse groups covered by the credit union.

Rule 52 Terms of Office

Regular terms of office for Directors shall be three years and shall be so arranged that approximately an equal number of directors shall retire at each annual general meeting after the organisation meeting. A director elected at the organisation meeting shall hold office until the conclusion of the first, second or third general meeting of the credit union provided that each Director so elected shall have retired at the conclusion of the third annual general meeting. A person shall be eligible for re-election or appointment to the Board of Directors immediately on retirement from such office under this Rule until 3 such consecutive terms of three years have been completed; they will then be eligible for re-election 12 months after retirement from office under this rule.

Rule 53 Meetings

- 53.1 Meetings of the Board of Directors shall be held not less than six times per calendar year; the date, time and place to be decided by the Directors.
- 53.2 All meetings shall be notified in such manner as the Board may, from time to time, determine.
- 53.3 A Director is able to exercise the right to speak at a meeting of the Board of Directors and is deemed to be in attendance when that person and all those attending the meeting are in a

position to communicate with each other. The Director may make whatever arrangements they consider appropriate to enable those attending a meeting of the Board of Directors to exercise their rights to speak or vote at it including by electronic means. In determining attendance at a meeting of the Board of Directors, it is immaterial whether any two or more Directors attending are in the same place as each other.

Rule 54 Requesting a Special Meeting

The president/chairperson, or in his or her absence the vice-president/vice chairperson, may call a special meeting of the Board of Directors at any time, and shall do so on receipt of a request in writing signed by at least 3 Directors. The president/chairperson, or in his or her absence the vice-president/vice chairperson, shall fix the date, time and place of such a meeting, unless the Board of Directors by resolution prescribes otherwise.

Rule 55 Board Quorum

55.1 A majority of Directors shall constitute a quorum for the transaction of business at any meeting of the Board.

55.2 The quorum for any adjourned meeting of the Directors shall be three or such greater number as the Board of Directors shall decide by resolution. Notice of an adjourned meeting shall be given as provided for in Rule 46.2.

Rule 56 Voting at Board Meetings

56.1 Questions arising at any meeting of Directors shall be decided by a majority of votes.

56.2 Each Director shall have one vote on any matter under consideration. In the event of an equality of votes on any issue debated the status quo will stand.

56.3 A Director may not vote by proxy at a meeting of the Directors or any sub-committee of same.

Rule 57 Failure to attend Meetings

Any Director who without due reason accepted by the Board fails to attend three consecutive Board fails to attend three consecutive Board meetings shall, if the Directors so resolve, be deemed to have vacated his or her office.

Rule 58 Casual Vacancy

A casual vacancy on the Board of Directors shall, as soon as practicable, be filled by a vote of the majority of Directors then holding office. A co-opted Director so appointed shall, subject to ratification at the next general meeting, hold office for the remainder of the unexpired term of office.

Rule 59 Vacation of Office

Elected individuals serving the credit union shall immediately cease to hold office or Committee position if they:

- a. cease to be a member of the credit union;
- b. are expected to perform a Senior Manager function and fail to achieve authorisation under the Senior Managers Regime;
- c. are performing a Senior Manager function and their Senior Managers Regime approval is withdrawn by the Authority;
- d. are adjudged bankrupt or make an arrangement or composition with their own creditors;
- e. are in contravention of Rule 50;
- f. they become a patient within the meaning of the Mental Health (Northern Ireland) Order 1986 (or such subsequent legislation);
- g. resign their office by notice in writing to the secretary;
- h. are deemed to have vacated their office in accordance with Rule 57;
- i. are removed by a resolution, approved by a majority of three quarters of the members present at a special general meeting called for that purpose by the Board of Directors or under the provisions of Rule 41 provided that such a Director shall be given at least 14 days' notice of the meeting and of the intention to remove him or her from office;
- j. become an employee of the credit union and the number of employees on the Board of Directors would exceed one-third of the number of Directors (subject to Rule 51).

Rule 60 Delegation of Powers

The authority of the Board resides with a properly constituted meeting of the Board of Directors. Outside of a Board meeting an individual Director or Directors have only the specific authority to act in a specified area as may from time to time be delegated within Rule 64; the Board of Directors may delegate any of their powers to Committees. Committees will consist of such of their own number together with such individuals as the Board think appropriate who shall have clear terms of reference and confirm in all respects to the instructions, including any requirements regarding reporting, given to them by the Board of Directors.

Rule 61 Validity of Actions

All acts authorised by any meeting of the Board of Directors or of a Committee or by any Directors acting in pursuance of authority duly given shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment or qualification of any Director, be as valid as if such Director had been duly appointed or qualified.

Rule 62 Payment of Remuneration, Expenses and Honoraria

- 62.1 Any member of the Board of Directors may receive remuneration for preparation and attendance at properly constituted Committee and Board of Directors meetings. Preparation time will be at a maximum of one hour per meeting and will be paid at National Joint Council (NJC) point 25, whilst attendance will be a maximum of two and a half hours per meeting paid at NJC point 32.
- 62.2 Any member of the Board of Directors, or officer may receive reasonable out of pocket expenses. Such expenses shall be approved by the CEO, or the President/ Chairperson.
- 62.3 Any member of the Board of Directors, any Committee member or officer may, by resolution of the members at the annual general meeting, receive such honoraria as may from time to time be approved.

Rule 63 Responsibilities of Directors

Subject to law, regulations and these rules, the Board of Directors shall have the general direction, development and control of the affairs of the credit union and shall be responsible for performing all the duties customarily performed by the Board of Directors. This shall include but not be limited to the following:

- a. ensure that the credit union complies with all statutory and regulatory requirements attached to all regulatory permissions held by the credit union;
- b. as set out in these rules, establish appropriate policies and procedures and systems of control to enable the safe and efficient operation of the credit union;
- c. maintain a working business plan so as to enable the development of the credit union;
- d. develop and maintain provisions and liquidity management policies that confirm to the regulatory requirements set by the Authority;
- e. maintain in force insurance against fraud and other dishonesty as required by the Authority, and make any other insurance arrangements necessary or desirable for the protection of the credit union and its members;
- f. delegate to employees the authority to establish and perform the operational functions of the credit union;
- g. determine the range of financial products that may be offered by the credit union;
- h. make decisions in respect of the investment of surplus funds of the credit union in accordance with the rules of the Authority;
- i. recommend honoraria which any member of the Board of Directors, Committee member or office may receive for his or her services on behalf of the credit union, subject to the approval of the annual general meeting provided that the meeting may not increase the amount recommended by the Board of Directors;
- j. pay any expenses necessarily incurred by an officer, delegate or representative of the credit union in carrying out the business of the credit union;
- k. borrow money for the credit union subject to regulatory limits;

- l. determine the authorised bank or banks for the deposit of funds of the credit union and the signatories to cheques or other written instruments on behalf of the credit union;
- m. establish and terminate such Committees as it deems necessary or desirable from time to time to facilitate the operations of the credit union and appoint and remove members of such Committees;
- n. cause to be kept proper books of account with respect to the transactions of the credit union, its assets and liabilities;
- o. submit the accounts of the credit union for audit at least once a year;
- p. make arrangements for annual general meetings, Board meetings and other meetings deemed necessary from time to time;
- q. take all such actions as may be required to ensure that the credit union complies with Money Laundering and Terrorist Financing (Amendment) Regulations 2019 or other legislation currently in force concerning systems and training to prevent money laundering;
- r. take appropriate steps to ensure the security and integrity of any information technology systems used by the credit union, including that the credit union complies with legislation concerning data protection.

Rule 64 Executive Officers

- 64.1 Within seven days following the Annual General Meeting, the Board of Directors shall elect from amongst its number a president/chairperson, a vice president/vice-chairperson, a treasurer, and a secretary of the credit union, and such assistants as the Board from time to time may deem necessary.
- 64.2 The Board of Directors may appoint one or more assistant treasurers, none of whom may hold any office which the treasurer may not hold and authorise them to act in addition and subject to or in the absence of the treasurer during his ability to act.

Rule 65 Term of Office of Executive Officers

A person elected as an Executive Officer in accordance with Rule 64 shall hold office until the election of his or her successor.

Rule 66 President/Chairperson

- 66.1 Subject to any specific provision contained in these rules, the President/Chairperson, or in his or her absence the Vice-President/Vice-Chairman shall preside at meetings of the Board of Directors. He or she shall perform such other duties as her or she may be directed to perform by the Board of Directors not inconsistent with the provision of the law or these Rules.

66.2 If neither the President/Chairperson, or in his or her absence the Vice-president/Vice-Chairperson, is present within 15 minutes after the appointed time for the beginning of a meeting, the other Directors present shall elect one of their number to be the chairperson of the meeting.

Rule 67 Secretary

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board and shall prepare and maintain minutes of all meetings and shall perform such other duties as the Board may from time to time determine.

Rule 68 Treasurer

The Treasurer shall perform all necessary duties related to the finance function of the credit union.

CREDIT COMMITTEE

Rule 69 Establishment of Credit Committee

69.1 The credit union may have a credit committee. If the Board of Directors resolves that a credit Committee be established then, subject to Rule 60 it shall be a Committee of between 3 and 5 persons, at least one of whom shall be chosen from among the Directors then in office.

69.2 If a credit committee is not established, the Board of Directors must resolve to manage the credit granting/control itself or delegate the role to one or more loans officer(s).

Rule 70 Responsibility of Credit Committee

A credit committee duly constituted under Rule 69.1 shall monitor the credit union's loan business, consider and decide on loan applications. The committee shall have charge in recommending changes of loan policy to meetings of the Directors.

Rule 71 Loans Officers

The Board of Directors may delegate the operational aspects of the credit Committee to a Loans Officer(s). Any delegation will clearly outline the specific limits within which the Loans Officer(s) can operate.

INTERNAL AUDIT

Rule 72 Role and Responsibilities

- 72.1 The Board of Directors shall establish a system for monitoring the activities of the credit union to ensure that it is fully compliant with legislation and regulations; is being managed effectively and efficiently; that financial records are accurate and timely; and that the possibilities for fraud and theft are reduced. Those appointed as Internal Auditors should be independent of the day-to-day operation of the credit union.
- 72.2 In accordance with Rule 72.1, the duties and responsibilities governing the conduct of the Internal Auditors shall be established by the Board of Directors through the adoption of a policy and procedure governing the role of the Internal Auditors.

Rule 73 Conflict of Interest

No Director, committee member or employee of the credit union shall in any manner directly or indirectly participate in the deliberation upon, or the determination of, any question affecting his or her pecuniary interest or the pecuniary interest of any person or body (other than the credit union) in which he or she is directly interested. Such person shall withdraw from the meeting and the remaining qualified persons shall constitute a quorum while that matter is being discussed or determined. Should his or her withdrawal result in a quorum not being present, the Board, by a majority decision of its number, shall maintain the right to require such an individual to withdraw from the Board during the period the conflict exists. The Board may co-opt another member to fill such a vacancy.

Rule 74 Confidentiality

- 74.1 An officer or employee of the credit union shall not disclose to any person any information regarding any transaction of a member of the credit union except in so far as may be necessary for the proper conduct of business of the credit union, and in keeping with the Senior Managers and Certification Regime and Rules of Conduct.
- 74.2 On appointment, all officers and employees of the credit union shall sign a confidentiality agreement to ensure the confidentiality of the business conducted by the credit union.
- 74.3 The credit union shall adhere to the requirements of the Data Protection Act 2018 (General Data Protection Regulations) and any subsequent legislation.

Rule 75 Provision of Insurance and Associated Cover

- 75.1 **Fidelity:** the Board of Directors of the credit union must at all times ensure compliance with the provisions of the Authority and maintain in force a policy of insurance.
- 75.2 **Life Cover:** the Board of Directors of the credit union may self-insure or may establish a scheme for the purposes of providing a benefit covering the life of the individual member by:

- a. entering into an arrangement with a trust for the discretionary provision of a death benefit that may provide cover on the life of a member in relation to their shareholding held in the credit union; or alternatively;
- b. entering into an arrangement with a person carrying on the business of insurance for the provision of cover on the life of a member in relation to their shareholding held in the credit union.

Rule 76 Indemnity

Any officer of the credit union shall be indemnified by the credit union against all costs, losses and expenses which such officer may incur or become liable for by reason of any contract entered into or any act or thing done by him or her in discharge of his or her duties as authorised by the Board of Directors, and the Board is empowered to pay the amount of such indemnity out of funds of the credit union.

Rule 77 Failure to fulfil office

If an officer of the credit union fails to attend three consecutive meetings of the Board and/or fails to perform the duties of his or her office, the Board of Directors may, after giving him or her reasonable notice and opportunity to be heard, declare vacant the office and appoint another eligible person in his or her place, or fill from its number such vacancy.

ACCOUNTS, AUDIT, RETURNS AND RULES

Rule 78 Appointment of Auditor (Article 43 CU(NI) Order 1985)

- 78.1 There shall be appointed in each year of account a qualified auditor to audit the credit union's accounts and balance sheet. For the purposes of this Rule, a "qualified auditor" means a person who is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006.
- 78.2 None of the following persons shall be appointed as an auditor of the credit union:
- a. an officer or servant of the credit union;
 - b. a person who is a partner of or in the employment of or who employs an officer or servant of the credit union.
- 78.3 The Board of Directors may appoint an auditor to fill any casual vacancy occurring between general meetings of the credit union.
- 78.4 The appointment of an auditor shall be ratified by resolution of an annual general meeting of the credit union.

Rule 79 Auditor's entitlement to attend meetings (Article 47 (7) CU(NI) Order 1985)

The auditor shall be entitled to attend any general meetings of the credit union, to receive all notices of the communications relating to any general meeting which any member of the credit union is entitled to receive, and to be heard at any meeting which he or she attends on any part of the business of the meeting which concerns him or her as auditor.

Rule 80 Availability of Accounts

- 80.1 The credit union shall keep a copy of the last balance sheet, together with the report of the auditor, always displayed in a conspicuous place at its registered office.
- 80.2 The credit union shall supply free of charge a copy of the last audited accounts of the credit union to every member of the credit union on individual request.

Rule 81 Filing of accounts with the Authority

The credit union shall, within the time period permitted by law and regulation, send the Authority such returns, and audited accounts as may be required, relating to its affairs during the period covered by the return. The annual accounts shall include a copy of the report of the auditor on the credit union's accounts for such a period and a copy of each balance sheet made during that period and of any report of the auditor on that balance sheet.

Rule 82 Availability of Rules (Article 12 (1) CU(NI) Order 1985)

- 82.1 A copy of these Rules and any amendments made to them shall be made available free of charge on demand to every member of the credit union upon admission to membership.
- 82.2 The credit union shall supply to any person who is not a member on payment of an amount not exceeding £1.00 (*or such other sum as may from time to time be prescribed by law*) a copy of the Rules of the credit union and any amendments thereto.

CREDIT UNION RECORDS

Rule 83 Maintenance of Register (Article 54 CU(NI) Order 1985)

- 83.1 The credit union shall keep at its registered office a register and enter therein the following particulars:
- a. the names, addresses of all members;
 - b. a statement of the number of shares held by each member;
 - c. a statement of other property in the credit union, whether in loans or otherwise, held by each member;
 - d. the date at which each person was entered in the register as a member, and the date of which any person ceased to be a member;
 - e. the names and addresses of the officers of the credit union with the offices held by them respectively and the dates, on which they assumed office and resigned.
- 83.2 The register shall be so constructed that it is not possible for an individual member to inspect any particulars therein mentioned in paragraphs (b) or (c) of Rule 83.1.
- 83.3 Any member or person having an interest in the funds of the credit union may inspect their own account and the books containing the names of members, as set out in Rule 83.2. This facility should be provided at all reasonable hours at the registered office, or at any place where the same are kept, subject to such regulations as to the time and manner of such inspection as may be made from time to time by the general meetings of the credit union.

Rule 84 Retention of Records

- 84.1 In accordance with the requirements of the Data Protection Act 2018 (General Data Protection Regulations) or any subsequent Act, the credit union shall retain the following records:
- a. register of members as set out in Rule 83.1;
 - b. rules and registered amendments;
 - c. receipts and securities held, a securities register and register of contracts of guarantee;
 - d. minutes of all meetings;
 - e. member's share and loan records;
 - f. nominal and general ledgers;
 - g. register of nominations;
 - h. copies of annual returns;
 - i. register of approved persons;
 - j. register of bad debts written off.
- 84.2 Any other record required to be kept as a result of the obligation to maintain proper books of account shall be preserved by the credit union for a period of 5 years after the date to which it refers.
- 84.3 The credit union shall maintain records in accordance with the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 (or such successor legislation) and retain these records for a period of 5 years, (or in accordance with any other regulations that may be prescribed by law).

Rule 85 Inspection of Accounts (Article 55(1) CU(NI) Order 1985)

All books of account and other records of the credit union shall at all reasonable times be available for inspection by the auditor, the Board of Directors, Supervisor/Supervisory Committee, or other persons duly authorised on their behalf.

Rule 86 Record of Accounts

Numbered statements of account shall be issued to members. Money paid in or out on account of shares, loans, interest and entrance fees shall be evidence by an appropriate voucher or receipt or by entries in a member's passbook or statement. Statements of account shall itemise all transactions, and a copy shall be issued to each member at least annually or on request.

Rule 87 Conducting Transactions

Any person may pay money into a member's account on account of shares or a reduction of loan or interest. Only the member may make a withdrawal from their share account. The credit union shall have the discretion to accept a written signed request from any member permitting a named individual to conduct transactions on the member's behalf. The credit union will take all reasonable steps to assure itself of the validity of each written request and will be indemnified.

Rule 88 Nominees

A member may, in accordance with the law, nominate any person or persons to whom (subject to provisions of the law as to amount and the persons to whom a valid nomination may be made) any of his or her property in the credit union at the time of his or her death shall be transferred.

Rule 89 Payment to Nominee

- 89.1 On receiving satisfactory proof of death of a member who has made nomination of a nominee, the Directors shall, if and to the extent that the nomination is valid under the law, either transfer or pay in accordance with the law the full value of the property comprised in the nomination to the person entitled. The nominee will sign a written statement indemnifying the credit union against a subsequent claim arising.
- 89.2 The credit union must not transfer any monies to the deceased member's nominee or estate until all liabilities to the credit union have been cleared.
- 89.3 If the beneficiary is under the age of 16 then the payment must be made to the parent, guardian or other person to hold on trust for the beneficiary.
- 89.4 If payment would result in the beneficiary's total shareholding in the credit union going above the maximum limit that the nominee must be paid the value of these shares not transferred (Rule19).

Rule 90 Bankruptcy

Upon a claim made by a personal representative of a deceased member or the trustee in a bankruptcy of a bankrupt member to any property in the credit union belonging to the deceased or bankrupt member the Directors shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them.

Rule 91 Incapacity to Control Affairs

Where a member becomes incapable through disorder or disability of mind of managing his or her own affairs, the Board of Directors, if presented with satisfactory medical evidence and proof that no person has been duly appointed to administer his or her own property, may pay the amount of shares, loans and deposits belonging to such member to any person whom they shall judge proper to receive it on his or her behalf. The receipt of such person shall be a valid and sufficient release to the credit union for any sum so paid. The foregoing shall not apply when such a member or person is a patient under the Mental Health (Northern Ireland) Order 1986 (or such subsequent legislation) or is a person to whom powers are exercisable under the above Order.

AMENDMENTS TO RULES AND USE OF SEAL

Rule 92 Amendments to Rules

- 92.1 The rules of the credit union may be amended only by a resolution passed by a two thirds majority vote of the members present at an annual general meeting or a special general meeting specifically called for that purpose. Notice of the proposed alteration must be given at the same time as the notice of the meeting.
- 92.2 Any member of the credit union, before the last day of the credit union's financial year, may propose an amendment of rule by service of notice of the proposed amendment, duly seconded, on the Board of Directors whose duty it shall be to incorporate the amendment in the agenda of the next annual general meeting or special general meeting.
- 92.3 The credit union must notify the trade body of its intention to alter or amend any of the model rules contained within this document prior to submission to the registrar and the Authority.
- 92.4 No amendment of rules shall be valid until registered with the Registrar. When submitting rule amendments for registration the Secretary may at their sole discretion accept any alterations required or suggested by the Registrar without reference back to a further special general meeting of the credit union.

COMPLAINTS AND DISPUTES

Rule 93 Internal Complaints Procedure

- 93.1 A formal written internal complaints procedure shall be maintained by the credit union and made available to members. The credit union shall aim to resolve a complaint and send a final response with eight weeks of receipt of the complaint (or such other period as may be prescribed by the Authority).
- 93.2 In accordance with regulation, the credit union must provide the Authority with a report once a year (by 30 April).

Rule 94 Financial Ombudsman Service

If a complainant remains dissatisfied at the completion of the credit union's internal complaints procedure, and on the date of receipt of the credit union's response, the complainant shall have six months within which to refer their complaint to the Financial Ombudsman Service.

Rule 95 Court Referrals

Complainants who remain dissatisfied following a formal decision by the Ombudsman may jointly agree with the credit union to refer their complaint or dispute to the County Court. The County Court shall have power to order the expenses of determining the same to be paid either out of the funds of the credit union or by such party to the dispute as the Court shall think fit, and such determination shall be binding on all parties.

STATUTORY APPLICATIONS TO THE REGISTER

Rule 96 Dissolution of credit union

The credit union may be dissolved:

- a. on its being wound up in pursuance of an order of resolution made as is directed in regard to companies by the insolvency (Northern Ireland) Order 1989 (or such subsequent legislation); or
- b. in accordance with the provisions of Articles 68(b) and 70 of The Credit Unions (Northern Ireland) Order 1985 by an instrument of dissolution:
 1. to which not less than three fourths of the members of the credit union have given their consent, testified by their signature to the instrument; or
 2. approved by a special resolution of the credit union and registered by the registrar.

Rule 97 Distribution of funds on dissolution

If on the dissolution of the credit union there remains after the payments of debt, the repayment of share capital and discharge of all other liabilities any surplus assets whatsoever, they shall not be paid or distributed among the members of the credit union but shall be:

- a. transferred to another credit union; or
- b. if not so transferred, applied for charitable purposes as may be determined by the members in the general meeting.

Signed:

President

Secretary

Treasurer

Director